

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON LONG RANGE PLANNING

Call to Order: By **CHAIRMAN DAVE KASTEN**, on January 14, 2003 at 8:30 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Dave Kasten, Chairman (R)
Sen. Tom Zook, Vice Chairman (R)
Rep. Christine Kaufmann (D)
Sen. Jon Tester (D)
Sen. Joseph (Joe) Tropila (D)
Rep. John Witt (R)

Members Excused: Sen. Bob Keenan (R)

Members Absent: None.

Staff Present: Catherine Duncan, Legislative Branch
Jane Hamman, OBPP
CJ Johnson, Committee Secretary

Please Note: These are summary minutes. Testimony and Discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HOUSE BILL 6 & 8 RENEWABLE RESOURCE
GRANT & LOAN APPLICATIONS;
HOUSE BILL 11 TREASURE STATE
ENDOWMENT PROGRAM APPLICATIONS

Executive Action: None

CHAIRMAN KASTEN opened the Committee for hearing. The hearing on HB 6, 8 and 11, is continued from January 13, 2003.

HEARING ON HB 6, 8 & 11

**Pablo/Lake County, TSEP-Project #35 Page 203,
and RRGL-Project #28 Page 88**

CHAIRMAN KASTEN opened the hearing on Pablo/Lake County, TSEP-Project #35 Page 203, and RRGL-Project #28 Page 88.

Kim Hayes, TSEP-DOC, reviewed and recommended the full funding amount of \$500,000 for wastewater improvements.

Bob Fischer, RRGL-DNRC, recommended the full funding of \$100,000.

Proponents:

Mike Lee, Chairman of the Pablo/Lake County Water and Sewer District, stated his support for this project. He distributed written testimony which he read.

EXHIBIT(jlh07a01)

Jeff Schmidt, Engineer Consultant representing Pablo/Lake Water/Sewer District, said that there is development currently taking place, in this area. Tribal development is taking away approximately 100 single family residences and redeveloping this area. This area is currently inside of an district, and if the project isn't approved, they will have to deny any future development. He said that the upper aquifer is at maximum contaminant levels.

Opponents: None

Questions from Committee Members and Responses:

CHAIRMAN KASTEN asked Mike Lee if they have looked at other alternatives to help solve this problem. **Mr. Lee** said they have developed a 20-year plan that is done in five year increments. He said the initial program turned into two years from five years from people moving in wanting to develop the area. **Mr. Schmidt** responded stating that the PER study did look at several different alternatives, and said that they were very favorable.

CHAIRMAN KASTEN closed the hearing on Pablo/Lake County.

**Power-Teton County, TSEP-Project #7 Page 63,
and RRGL-Project #33 Page 102**

CHAIRMAN KASTEN opened the hearing on Power-Teton County, TSEP-Project #7 Page 63, and RRGL-Project #33 Page 102.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 17}

Kim Hayes, TSEP-DOC, said that the district has requested a hardship grant with a matchable 47% and consideration for the \$500,000 TSEP grant. The district met the criteria necessary for the hardship grant, and they are recommending the full funding of \$500,000. She said that with the limited amount of funds, they are not recommending any additional funds above the \$500,000.

Bob Fischer, RRGL-DNRC, said that the project is in the second phase for the water systems improvement project. He reviewed and recommended the full funding of \$100,000.

Proponents:

REP. LARRY LEHMAN HD 57, said that there have been considerable improvements with the system, but it needs to be upgraded to meet current standards. With the district being so small they are in need of financial assistance. He asked the Committee to support this project.

Dave Aune, Consultant for Tranco, representing the Power-Teton County District, said that this second phase of the project is to rehabilitate the water treatment plant. He stated that the small community doesn't even have any fire protection or hydrants.

Gene Walker, Power Water Operator, stated his support for this project.

Opponents: None

Questions from Committee Members and Responses:

CHAIRMAN KASTEN asked if this project is within the funding line. **Bob Fischer** stated that it is. **CHAIRMAN KASTEN** asked with the rates being so high, and the support of the community, if the grant goes through, would the extra dollars make any difference on the project. **Dave Aune** responded stating that it would, but it would raise the user cost. He said the funding would help by them putting \$100,000 back into their loan.

SEN. JERRY BLACK SD 44, wanted to go on record in support of this funding.

CHAIRMAN KASTEN closed the hearing on Power-Teton County.

**City of Missoula, TSEP-Project #13 Page 92,
and RRGL-Project #4 Page 25**

CHAIRMAN KASTEN opened the hearing on the City of Missoula, TSEP-Project #13 Page 92, and RRGL-Project #4 Page 25.

Kim Hayes, TSEP-DOC, reviewed and recommended the full request of \$500,000.

Bob Fischer, RRGL-DNRC, recommended the full funding of \$100,000. He said that the Missoula Valley Aquifer has been designated the only Sole-Source Aquifer (SSA) in the U.S. Housing and Urban Development (HUD) Region VII. This project will eliminate approximately 600 individual septic systems in the Rattlesnake valley that is north of Missoula.

Proponent:

Bruce Bender, Director of Public Works for the City of Missoula, said this an existing residential neighborhood said that the septic systems are draining into the drinking water. He stated that the drainage runs into the Clark Fork River.

{Tape: 1; Side: A; Approx. Time Counter: 17 - 31}

REP. HOLLY RASER HD 70, stated her support for this project, and urged the Committee to grant them the funds.

Opponents: None

Questions from Committee Members and Responses: None

CHAIRMAN KASTEN closed the hearing on the City of Missoula.

**Missoula County, TSEP-Project #24 Page 149,
and RRGL-Project #9 Page 38**

CHAIRMAN KASTEN opened the hearing on Missoula County, TSEP-Project #24 Page 149, and RRGL-Project #9 Page 38.

Nancy Guccione, TSEP-DOC, reviewed and recommended the full funding of \$499,335.

Pam Smith, RRGL-DNRC, recommended the full funding of \$100,000.

Proponents:

REP. HOLLY RASER HD 70, wanted to go on record in support of this project. She said that the City of Missoula has contributed \$1 million towards this project to help offset the costs to the existing homeowners in the district. She said that over 80,000 of linear feet of right-of-way was donated by area landowners. The project is expected to be completed by the end of the 2003 construction session.

Greg Robertson, Director of Public Works Missoula County, distributed a handout which he read.

EXHIBIT(jlh07a02)

Dan Harmon, Consulting Engineer on the Missoula County Project, wanted to go on record in support of this project.

Questions from Committee Members and Responses:

CHAIRMAN KASTEN wanted to know about the RSID loan that states, "pending creation of RSID." **Mr. Harmon** responded stating that it means they are in the final stages of finishing the design such as final cost estimates, readying for bid. He said that upon receipt of successful bidder they will sell bonds. He said they are at the stage if they should go to the private bond market because of the rates, or use a state revolving fund as a source of bond sales.

REP. WITT asked about definition of CIP. **Mr. Edgcomb** replied that it stands for Capital Improvements Plan. He stated that it is a plan that is developed and determines how the job will be processed such as the planning stage and how they will resolve problems on a job that develop over a period of time.

CHAIRMAN KASTEN closed the hearing on Missoula County.

**City of Hamilton, TSEP-Project #10 Page 78,
and RRGL-Project #13 Page 49**

CHAIRMAN KASTEN opened the hearing on the City of Hamilton, TSEP-Project #10 Page 78, and RRGL-Project #13 Page 49.

Kim Hayes, TSEP-DOC recommended the full funding of \$500,000 for City's water system.

Pam Smith, RRGL-DNRC reviewed and recommended the full funding of \$100,000.

Proponents:

Joe Petrusaites, Hamilton, said he is in support of this grant and reviewed four reasons why the City of Hamilton is in need of the grant: 1) High growth area; 2) Condition of the water system is 100 years old; 3) Present upgrade of the system-installation of new water meters for each residence; and 4) Future expansion of the tax base. He said with the replacement of two wells and the relocation of main water lines, and replacement of storage tank, will create jobs. He said that the two labs in town, Rocky Mountain Laboratory, and Coriacea, will be expanding and will create several 100 jobs and expand the tax base for the City of Hamilton.

Loren Lowery, Director of Public Works, City of Hamilton, discussed the CIP, and defined to the Committee the growth that has taken place and the reason they need the grants to assist them in the expansion of the water system.

{Tape: 1; Side: B; Approx. Time Counter: 1 - 26}

Opponents: None

Questions from Committee Members and Responses: None

CHAIRMAN KASTEN closed the hearing on the City of Hamilton.

**City of Libby, TSEP-Project #31 Page 184,
and RRGL-Project #60 Page 168**

CHAIRMAN KASTEN opened the hearing on the City of Libby, TSEP-Project #31 Page 184, and RRGL-Project #60 Page 168.

{Tape: 2; Side: A}

Nancy Guccione, TSEP-DOC, reviewed and recommended the full grant of \$500,000.

Pam Smith, RRGL-DNRC, recommended full funding of \$100,000 for the Johnston Acres Water System Improvements.

Proponents:

Tony Berget, Mayor of the City of Libby, stated his support for the project and asked the Committee to give them the funds to assist in the replacement of their water system. He distributed a handout that he reviewed for the Committee.

EXHIBIT(jlh07a03)

Mike Frazier, Engineer, said he helped with the planning of this project. He asked the Committee for their support with this project. He said that the project is ready to start if they are granted these funds.

Dan Thede, Supervisor of City Services for the City of Libby, stated his support for their project. The TSEP Program should remain and stated as is to allow rural communities to make the necessary changes and upgrades to the old systems that is in many of the communities.

Opponents: None

Questions from Committee Members and Responses: None

CHAIRMAN KASTEN closed the hearing on the City of Libby.

**City of Whitefish, TSEP-Project #41 Page 233,
and RRGL-Project #52 Page 148**

CHAIRMAN KASTEN opened the hearing on the City of Whitefish, TSEP-Project #41 Page 233, and RRGL-Project #52 Page 148.

Nancy Guccione, TSEP-DOC, reviewed and recommended the full funding of \$500,000 if TSEP funds become available. This project scored low due to problems that are not considered a potential a public health and safety factor.

Bob Fischer, RRGL-DNRC, recommended the grant of \$100,000 as requested.

Proponents:

John Wilson, Director of Public Works for Whitefish, said he understands why they ranked low, but wanted to attend the hearing and answer any questions that the Committee might have. He informed the Committee that there is contamination leakage from under the railroad tracks that go through the middle of town. He reiterated that the TSEP Program is an excellent program for small communities and hopes that it continues in the future.

Opponents: None

Questions from Committee Members and Responses:

CHAIRMAN KASTEN asked Mr. Wilson if the project is ready to go if they can find funds elsewhere. **Mr. Wilson** responded that it is ready.

SEN. TROPILA asked Mr. Wilson about the four percent recreation tax applies to their infrastructure. **Mr. Wilson** replied that it does. He said that 65 percent of the resort tax is available for upgrading existing infrastructure. He stated that this project is to install new pipe.

CHAIRMAN KASTEN closed the hearing on the City of Whitefish.

**Town of St. Ignatius, TSEP-Project #44 Page 246,
and RRGL Page 195**

CHAIRMAN KASTEN opened the hearing on the Town of St. Ignatius, TSEP-Project #44 Page 246, and RRGL Page 195.

Nancy Guccione, TSEP-DOC, reviewed and recommended no funding for the project at this time. She stated that they need more complete analysis and PER from the engineers.

Bob Fischer, RRGL-DNRC, said that the project is need of rehabilitation of the exiting single cell lagoon system that was originally constructed in the 1950s. He said that it failed the DEQ discharge and permit criteria, and that the technical analysis was inadequate and incomplete in the areas of an alternative analysis and selection of an preferred alternative. **Mr. Fischer** said that they are not recommending funding for the project at this time.

Proponents: None

Opponents: None

Questions from Committee Members and Responses:

CHAIRMAN KASTEN asked why they were not recommended for funding. **Mr. Edgcomb** responded stating that there was a problem with the PER, and they need to reassess the project and reapply.

CHAIRMAN KASTEN closed the hearing on the Town of St. Ignatius.

**City of Columbia Falls, TSEP-Project #46 Page 255,
and RRGL-Project #58 Page 163**

CHAIRMAN KASTEN opened the hearing on the City of Columbia Falls, TSEP-Project #46 Page 255, and RRGL-Project #58 Page 163.

Nancy Guccione, TSEP-DOC, recommended limited funding of \$220,000, because it scored below the funding line from the PER report.

Pam Smith, RRGL-DNRC, reviewed and recommended the full funding of \$100,000.

Proponents: None

Opponents: None

Questions from Committee Members and Responses: None

CHAIRMAN KASTEN closed the hearing on the City of Columbia Falls.

**Pleasant View, TSEP-Project #47 Page 259,
and RRGL-Project #49 Page 141**

CHAIRMAN KASTEN opened the hearing on Pleasant View, TSEP-Project #47 Page 259, and RRGL-Project #49 Page 141.

Nancy Guccione, TSEP-DOC, informed the Committee of a printing error in the book. She said that the SRF loan should be \$91,250. **Ms. Guccione** said that due to limited funds that they will not fund this project. She said there is also problems with the PER report.

Pam Smith, RRGL-DNRC, said that the technical feasibility fell below the funding line. **Ms. Smith** distributed a letter faxed to her by Rod Nolin, in Kalispell.

EXHIBIT (j1h07a04)

CHAIRMAN KASTEN closed the hearing on Pleasant View.

{Tape: 2; Side: B}

**City of Three Forks, TSEP-Project #49 Page 268,
and RRGL-Project 61 Page 171**

CHAIRMAN KASTEN opened the hearing on the City of Three Forks, TSEP-Project #49 Page 268, and RRGL-Project 61 Page 171.

Nancy Guccione, TSEP-DOC, said that due to limited funds that TSEP will not be funding this project for \$327,000. She said that it fell below the funding line due to an improper solution to the problem.

Pam Smith, RRGL-DNRC, said that the project was awarded points for protection of the existing resource water. She said that the project didn't score well in other areas because the primary requirements for the DNRC application lacked detailed information required for the funding process.

Proponents: None

Opponents: None

Questions from Committee Members and Responses:

CHAIRMAN KASTEN closed the hearing on the City of Three Forks.

CHAIRMAN KASTEN adjourned the Committee.

ADJOURNMENT

Adjournment: 11:00 A.M.

REP. DAVE KASTEN, Chairman

CJ JOHNSON, Secretary

DK/CJ

EXHIBIT (j1h07aad)